

**PART 5**

**2004 COMMUNITY DEVELOPMENT  
BLOCK GRANT PROGRAM  
ANNUAL PERFORMANCE REPORT**

**APRIL 2005**

## **PART 5.**

# **COMMUNITY DEVELOPMENT BLOCK GRANT**

The purpose of Part 5 of the 2004 CAPER is to provide information regarding the distribution of Community Development Block Grant (CDBG) resources during the 2004 program year (January 1 through December 31, 2004). The information in this section supplements what has already been discussed in Parts 1 and 2 regarding the use of CDBG resources to meet objectives identified within the state's consolidated plan.

Section A discusses the use of CDBG funds allocated to the state and awarded to eligible recipients. Section B provides information of Civil Rights Compliance and Section C provides tables detailing both fund disbursement and beneficiary data by project and type of activity.

### **A. CDBG PROGRAM RESOURCE ALLOCATIONS FOR PROGRAM YEAR 2004**

In program year 2004, the Washington State Department of Community, Trade and Economic Development received \$18,651,019 from the U. S. Department of Housing and Urban Development for distribution to the state's non-entitlement cities and counties for CDBG eligible activities. Of this amount, \$473,020 was retained for administration. An additional \$373,020 of state resources has been pledged to match the federal dollars that have been reserved for program administration. A total of one percent of the state's award (\$186,510), which is the maximum amount allowed by federal statute, has been reserved for technical assistance activities.

#### ***PROGRAM MISSION***

The mission of the Community Development Block Grant Program is to improve the economic, social, and physical environment of eligible cities and counties in ways that enhance the quality of life for low- and moderate-income residents and, as a result, benefit the entire community.



*The state CDBG Program awards grants to rural communities across the state. Eligible (non-entitlement) applicants are Washington State cities and towns with less than 50,000 in population or counties with less than 200,000 in population that are non-entitlement jurisdictions or are not participants in a HUD Urban County Entitlement Consortium.*

*In 2004, CDBG awarded funds for projects in 26 of the 33 eligible counties, including the town of Cathlamet in Wahkiakum County.*

#### ***FUNDING PRIORITIES***

CDBG staff members use three levels of criteria to determine whether or not a grant will be made to a local government for a proposed project. First, staff determines if a project is an eligible

activity according to the federal statutory requirements that govern the program. All CDBG-funded projects must meet one of three HUD national objectives listed below. Second, staff reviews the proposed project to determine whether or not it meets the conditions for funding that have been established by state program policy. Based upon experience, these conditions have proven to be indicators of a successful project. Third, staff determines how a project fits the overall program's priorities as established by rating and review processes that are specific to each of the state's separate CDBG grant funds.

The criteria for each level of review are:

#### National Objectives:

To be funded, an eligible project must meet at least one of the following three federal (HUD) requirements:

1. Principally benefit persons with low- to moderate-income;
2. Prevent or eliminate slums or blight; or
3. Address an urgent community development need, which poses a serious and immediate threat to health and safety.

*Approximately 99 percent of the CDBG funds received by Washington State during the past three years were used for activities that met the HUD national objective of principally benefiting persons of low- and moderate-income. This exceeds the federal requirement that at least 70 percent of CDBG funds must principally benefit low- and moderate-income persons and reflects the state's efforts to target funds to communities with the greatest needs. Low- and moderate-income is defined as 80 percent of county median income.*

#### CDBG Program Conditions for Funding:

According to program policy, funds are awarded for eligible projects that meet the following conditions:

1. There is a compelling need for public assistance;
2. A feasible technical solution to the problem or opportunity being addressed has been identified and agreed to by affected citizens, the local government and the appropriate regulatory agencies;
3. There is a clear and feasible plan for implementing the project and maintaining its operation into the foreseeable future; and
4. There is credible evidence that the results will be commensurate to the amount of public funds requested.

#### CDBG Program Funding Priorities:

In order to be funded, a project must rank high in comparison to other similar projects on a state and local level using the following priorities:

1. The project addresses a public health and safety issue; or
2. It improves essential services to low- and moderate-income persons; or
3. It completes a necessary and specific step in a broader community development strategy.

### ***ALLOCATION OF FUNDS***

CDBG funds received by the state of Washington for program year 2004 were distributed to eligible non-entitlement communities through a variety of programs and funds. Funds carried over from 2003 and the funds from the new 2004 HUD award were available for grants in 2004. Unused funds in 2004 became available and are already committed for grants in 2005.

#### Allocation by CDBG Program/Fund

The following table summarizes the use of CDBG funds by program and the number of projects funded. Brief descriptions of the CDBG grant programs and the projects funded by the specific program are provided on the following pages. A complete description for each program or fund, including application requirements, eligibility guidelines, method of funding, and award processes is contained in the state's annual Action Plan.

**Table 5A. 2003-2004 Summary of Funds Allocation**

<b>CDBG Program</b>	<b>2003 Funds Allocated in Action Plan</b>	<b>2003 Funds Awarded &amp; # of Grants</b>	<b>2004 Funds Allocated in Action Plan</b>	<b>2004 Funds Awarded &amp; # of Grants</b>
<b>Community Investment Fund</b>	\$4,845,000	\$7,315,000 (9)	\$4,500,000	\$5,919,200 (12)
<b>General Purpose Grant</b>	\$7,000,000	\$8,093,274 (15)	\$8,000,000	\$9,578,115 (18)
<b>Housing Rehabilitation</b>	N/A	N/A	\$1,000,000	\$2,517,210 (6)
<b>Housing Enhancement</b>	\$1,000,000	\$742,340 (2)	\$1,185,000	\$624,578 (2)
<b>Planning-Only Grant</b>	\$400,000	\$370,499 (18)	\$500,000	\$580,945 (23)
<b>Public Service</b>	\$1,775,000	\$1,775,000 (15)	\$1,775,000	\$1,916,700 (15)
<b>Imminent Threat</b>	\$400,000	-0-	\$400,000	\$46,612 (1)
<b>Sub-Total #</b>	\$15,420,000	\$18,296,113 (59)	\$17,360,000	\$21,183,360 (77)
<b>HUD Award</b>	<i>Estimated</i> \$16,000,000	<i>Actual</i> \$18,944,000	<i>Estimated</i> \$18,000,000	<i>Actual</i> \$18,651,019
<b>Less Admin.</b>	(\$420,000)	(\$478,880)	(\$460,000)	(\$473,020)
<b>Less 1% TA</b>	(\$160,000)	(\$189,440)	(\$180,000)	(\$186,510)
<b>Left for Grants</b>	\$15,420,000	\$18,275,680	\$17,360,000	\$17,991,489
<b>Plus Contingency Balance</b>		<b>Begin. 2003</b> \$6,702,994 <b>End 2003</b> \$5,562,917		<b>Begin. 2004</b> \$5,562,917 <b>End 2004</b> \$3,912,782
<b>Total Available For Grants</b>		<b>2003</b> \$25,646,994		<b>2004</b> \$23,554,406
<b>Applications Received</b>		\$28,252,486 (81)		\$40,922,426 (113)

This table illustrates in numbers how CDBG staff significantly increased the number of projects and the amount of funds distributed to worthwhile local projects in 2004. Additional staff effort

was made and application procedures were streamlined to successfully get these funds out to the communities in need and to result in real benefits to low- and moderate-income persons.

#### CDBG Program and Project Descriptions

The state's CDBG resources are divided into specific funds or programs, each of which uses a different method of distribution. The three CDBG economic development loan fund programs are described in Part 6. The CDBG grant programs and the projects funded by these specific programs are described below. Even at a glance, these tables show the impact these CDBG funds have made to the many rural communities throughout the state.

#### Community Investment Fund

The Community Investment Fund distributes resources in support of locally identified projects that have emerged through the Washington Community Economic Revitalization Team priority process (WA-CERT), or the Federal Rural Enterprise Initiative. Funded projects provide benefits to low- and moderate-income individuals through projects that are also significant on a sub-state, regional or countywide basis in terms of economic diversification and community stability.

Project selection is made on a funds available basis, using a collaborative process that includes federal, state, and local funding sources. Community Investment Funds were awarded to 12 jurisdictions in 2004.

**Table 5B. 2004 Community Investment Fund Grants (including 2004 Supplemental awards)**

City of Asotin	Public Facilities – Sewer	\$600,000
City of Chewelah	Public Facilities – Stormwater	\$417,300
City of Goldendale	Public Facilities – Streets	\$100,000
City of Wenatchee	Community Facility	\$1,000,000
City of Winlock	Public Facilities – Water	\$707,400
Douglas County	Public Facilities – Water	\$327,000
Klickitat County	Community Facility	\$467,300
Town of Lamont	Public Facilities – Water	\$439,000
Stevens County	Public Facilities – Fire	\$230,413
Town of Wilbur	Comprehensive	\$530,787
Whatcom County	Public Facilities – Sewer	\$850,000
Yakima County	Microenterprise	\$250,000
<b>TOTAL</b>		<b>\$5,919,200</b>

*Since several worthwhile projects emerged after the initial funding level for the Community Investment Fund was allocated, the CDBG Program tapped into its available contingency funds to provide the necessary assistance for these prioritized projects to proceed and to ensure timely benefit to the communities' low-income residents.*

#### General Purpose Grants

The General Purpose Grant program distributes funds to eligible jurisdictions following an annual statewide competitive application process. Applications for the 2004 program year were received on November 20, 2003. Forty applications were received with requests totaling over \$22 million.

*The General Purpose Grant program is valued by rural communities for its ability to fund a wide-range of projects that are identified as priorities by the local leaders seeking to improve their communities. These grants support local successes throughout the state: from a sustainable micro-enterprise revolving loan fund in coastal Jefferson County to the construction of essential sewer system improvements in the small town of Tekoa along the Idaho border.*

The state's 2004 Action Plan projected allocating \$8 million for General Purpose Grants. However, in response to the high needs throughout the rural areas of the state, additional resources that became available from the CDBG program's contingency fund were used to fund 18 projects totaling \$9,688,115. Below is the list of funded projects.

**Table 5C. 2004 General Purpose Grants (including 2004 Supplemental awards)**

Town of Bucoda	Public Facilities - Water	\$820,000
Town of Cathlamet	Public Facilities - Sewer	\$250,000
Cowlitz County	Community Facility	\$1,000,000
Town of Ione	Public Facilities - Water	\$86,500
Jefferson County	Economic Development	\$250,000
City of Kelso	Public Facilities - Sewer	\$637,500
City of Long Beach	Public Facilities - Sewer	\$1,000,000
City of Mossyrock	Public Facility - Streets	\$40,900
Okanogan County	Public Facility - Fire	\$675,000
City of Pomeroy	Public Facilities - Water	\$750,000
Skamania County	Public Facilities - Water	\$450,000
City of South Bend	Public Facilities - Water	\$250,000
City of Tekoa	Public Facilities - Sewer	\$182,665
City of Toledo	Public Facilities - Water	\$660,000
City of Tonasket	Public Facilities - Water	\$722,250
City of Toppenish	Public Facility - Streets	\$591,300
Town of Twisp	Public Facilities - Water	\$366,000
City of Vader	Public Facilities - Sewer	\$846,000
<b>TOTAL</b>		<b>\$9,578,115</b>

*"I cannot begin to imagine a city of our size, some 1,700 citizens, surviving without CDBG funding." - Mayor Karl Heinicke, City of South Bend in Pacific County*

#### Housing Enhancement Grants

Housing Enhancement Grants are available to combine with loans from the state's Housing Trust Fund (HTF) grant requests for activities that are essential to a project's success but cannot be funded using other resources. Housing Enhancement Grants were awarded for two projects totaling \$624,578 in 2004.

*Both 2004 Housing Enhancement Grants funded the water and sewer infrastructure necessary to support new housing projects and to ensure the housing units remained affordable.*

Housing Enhancement Grants were also available for projects that support permanent and temporary shelter options for migrant farm workers. Applications are made in coordination with the Housing Trust Fund Program. Housing Enhancement Grants were awarded for two projects totaling \$624,578 in 2004.

**Table 5D. 2004 Housing Enhancement Grants**

City of Leavenworth	Public Facility	\$276,578
City of Walla Walla	Public Facility	\$348,000
<b>TOTAL</b>		<b>\$624,578</b>

#### Housing Rehabilitation Program Grants

A new fund was established in 2004, to support local housing rehabilitation programs. This fund provides both technical and financial assistance to establish and maintain sustainable, locally administered housing rehabilitation activities for low- and moderate-income households. Six grants totaling \$2,517,210 were awarded in 2004.

**Table 5E. 2004 Housing Rehabilitation Program Grants**

Clallam County	Housing Rehabilitation	\$250,000
City of Newport	Housing Rehabilitation	\$500,000
Okanogan County	Housing Rehabilitation	\$267,210
Thurston County	Housing Rehabilitation	\$500,000
City of Wapato	Housing Rehabilitation	\$500,000
Yakima County	Housing Rehabilitation	\$500,000
<b>TOTAL</b>		<b>\$2,517,210</b>

*To assist the new local Housing Rehabilitation programs and to improve the coordination between CDBG funds and resources from the Housing Division, a new Housing Rehabilitation Guide was developed and distributed. Direct technical assistance was provided.*

#### Imminent Threat Grants

Imminent Threat Grants can assist communities facing urgent needs with the potential for impact on public health and safety and that are beyond the community's ability to address. The Imminent Threat Grant Program was available in 2004 to provide sufficient grant assistance to the small, unincorporated community of Lebam in Pacific County to address unanticipated emergency circumstances with their drinking water.

**Table 5F. 2004 Imminent Threat Grants**

Pacific County	Public Facility - Water	\$46,612
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#### Planning-Only Grants

Planning-Only Grants were made available to eligible jurisdictions to plan the implementation of priority projects that principally benefit low- and moderate-income people. Planning-Only Grants totaling \$580,945 were awarded to 23 jurisdictions in 2003.

**Table 5G. 2004 Planning-Only Grants**

City of Bridgeport	Planning-Only Grant – Economic Development	\$24,000
City of Hoquiam	Planning-Only Grant – Economic Development	\$24,000
City of Kettle Falls	Planning-Only Grant – Economic Development	\$24,000
City of Mossyrock	Planning-Only Grant - Infrastructure	\$26,000
City of Oakville	Planning-Only Grant – Growth Management	\$24,000
City of Rock Island	Planning-Only Grant - Infrastructure	\$35,000
City of Soap Lake	Planning-Only Grant - Community Facility	\$24,000
City of Tekoa	Planning-Only Grant - Infrastructure	\$35,000
City of Tenino	Planning-Only Grant – Growth Management	\$6,945
City of Toledo	Planning-Only Grant - Infrastructure	\$26,000
City of Vader	Planning-Only Grant - Infrastructure	\$26,000
City of Warden	Planning-Only Grant - Infrastructure	\$28,000
Clallam County	Planning-Only Grant - Housing	\$24,000
Lewis County	Planning-Only Grant - Housing	\$24,000
Okanogan County	Planning-Only Grant - Housing	\$40,000
Pacific County	Planning-Only Grant - Community Facility/Cultural Resource	\$24,000
Town of Cathlamet	Planning-Only Grant - Community Facility/Cultural Resource	\$24,000
Town of Cusick	Planning-Only Grant - Infrastructure	\$35,000
Town of Endicott	Planning-Only Grant - Infrastructure	\$24,000
Town of LaCrosse	Planning-Only Grant - Infrastructure	\$24,000
Town of Odessa	Planning-Only Grant - Community Facility/Cultural Resource	\$11,000
Town of Washtucna	Planning-Only Grant - Infrastructure	\$24,000
Town of Wilbur	Planning-Only Grant - Infrastructure	\$24,000
<b>TOTAL</b>		<b>\$580,945</b>

*Planning-Only Grants support the low-income community's efforts to prepare for change, consult with locals and professionals, and develop good ideas within their own community. The funded planning activities ensure wise and strategic investment of future public investment. CDBG staff effectively assessed, awarded and managed an increase in funding for planning in 2004.*

#### Public Services Grants

The funds for the Public Services Grant program were distributed using a formula to eligible counties that, in turn, rely upon Community Action Agencies as subrecipients for administration and service delivery that benefit low-income individuals.

*The CDBG Program partners with the Community Service Block Grant (CSBG) Program in an innovative approach to coordinate and maximize funding for community action agencies throughout the state that provide essential services to low-income persons and families. 2004 saw extensive collaboration between the CDBG and CSBG programs and community action agencies to establish an acceptable new formula for allocating 2005 funds based on more current census data.*

Public Services Grant contracts were awarded to 15 counties for a total of \$1,916,700 in 2004.



**Table 5H. 2004 Public Services Grants (including 2004 Supplemental awards)**

Asotin County	Public Service	\$37,244
Chelan County	Public Service	\$131,937
Cowlitz County	Public Service	\$130,131
Grant County	Public Service	\$146,625
Grays Harbor County	Public Service	\$144,906
Jefferson County	Public Service	\$127,646
Kittitas County	Public Service	\$102,009
Okanogan County	Public Service	\$113,672
Skagit County	Public Service	\$263,835
Skamania County	Public Service	\$98,214
Stevens County	Public Service	\$118,150
Thurston County	Public Service	\$102,675
Walla Walla County	Public Service	\$119,009
Whitman County	Public Service	\$113,318
Yakima County	Public Service	\$167,329
<b>TOTAL</b>		<b>\$1,916,700</b>

*“The Community Development Block Grant empowers local people with the unique capacity to develop local solutions to local needs. Many of our local community projects would simply not be possible without the financing and leveraging power of CDBG.”* - Ken Sterner, Executive Director of the North Columbia Community Action Council that serves Adams, Grant and Lincoln Counties.

#### Rural Washington Loan Fund/Direct CDBG

The Rural Washington Loan Fund (RWLF) generally uses CDBG Program funds first exchanged with state appropriated RWLF funds to provide “gap financing” to small businesses, primarily in economically distressed and timber-impacted areas of the state. In 2004, one award totaling \$700,000 was made directly with CDBG funds. The Economic Development Division within CTED administers these awards. The use of this direct CDBG award allowed CTED to provide a timely response to a local economic development need and to accommodate an adjustment in funding between the CDBG and RWLF Programs. For more on the RWLF Program, see Part 6 of this report.

**Table 5I. 2004 Rural Washington Loan Fund/Direct CDBG**

City of Sedro-Woolley	Rural Washington Loan Fund	\$700,000
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#### Supplemental Grants

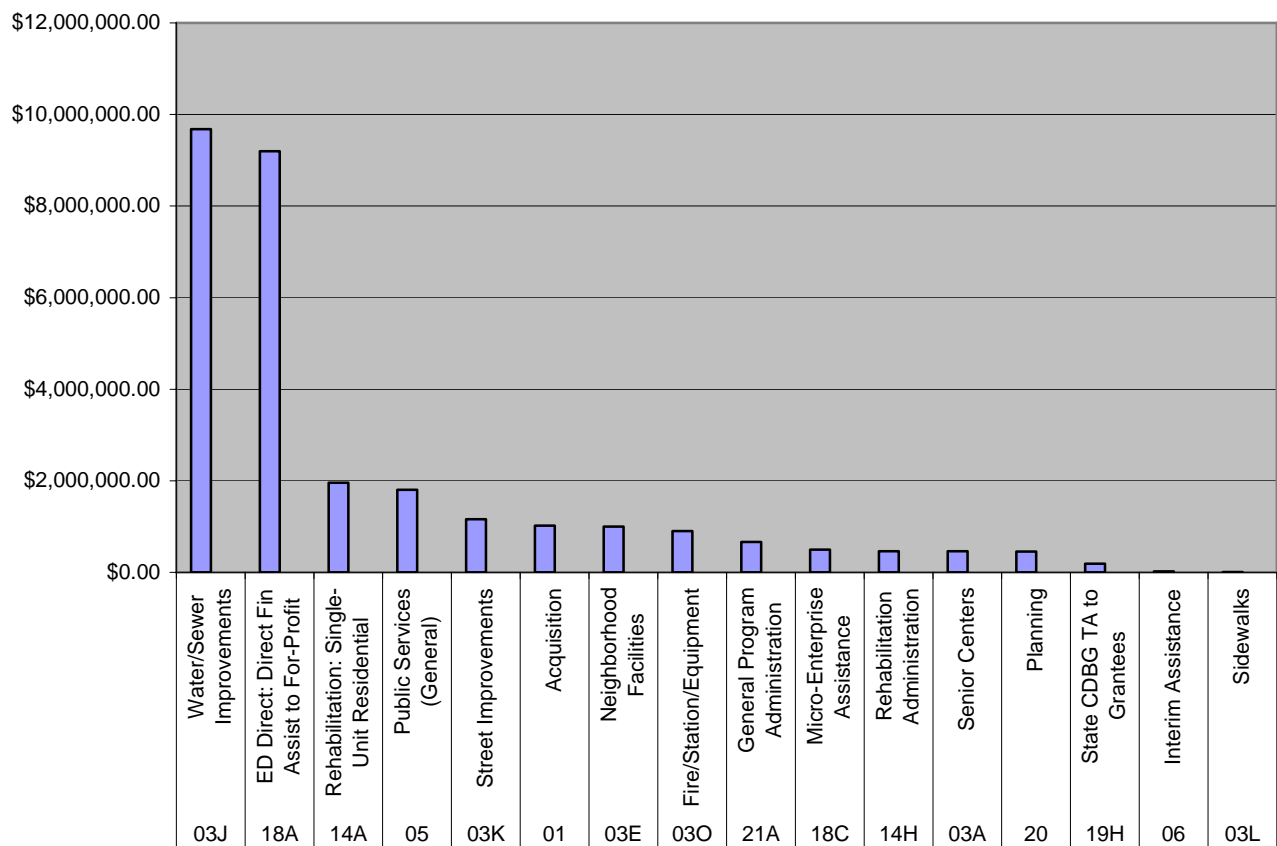
Supplemental Grant requests are awarded on a funds available basis from the CDBG Contingency Fund. Supplemental Grant awards are intended as a last resort funding option for grantees whose approved projects have encountered unanticipated cost overruns.

**Table 5J. 2004 Supplemental Grants to Prior Year Contracts**

City of Goldendale	2003 General Purpose Grant	\$100,000
City of Grandview	2002 Community Investment Fund	\$93,660
Grays Harbor County	2003 Community Investment Fund	\$100,000
Town of Metaline Falls	2003 General Purpose Grant	\$34,532
City of Omak	2003 General Purpose Grant	\$68,000
Stevens County	2002 Housing Enhancement Grant	\$30,000
Town of Warden	2003 General Purpose Grant	\$110,000
Town of Washtucna	2003 General Purpose Grant	\$147,563
City of Wenatchee	2003 General Purpose Grant	\$150,000
<b>TOTAL</b>		<b>\$833,755</b>

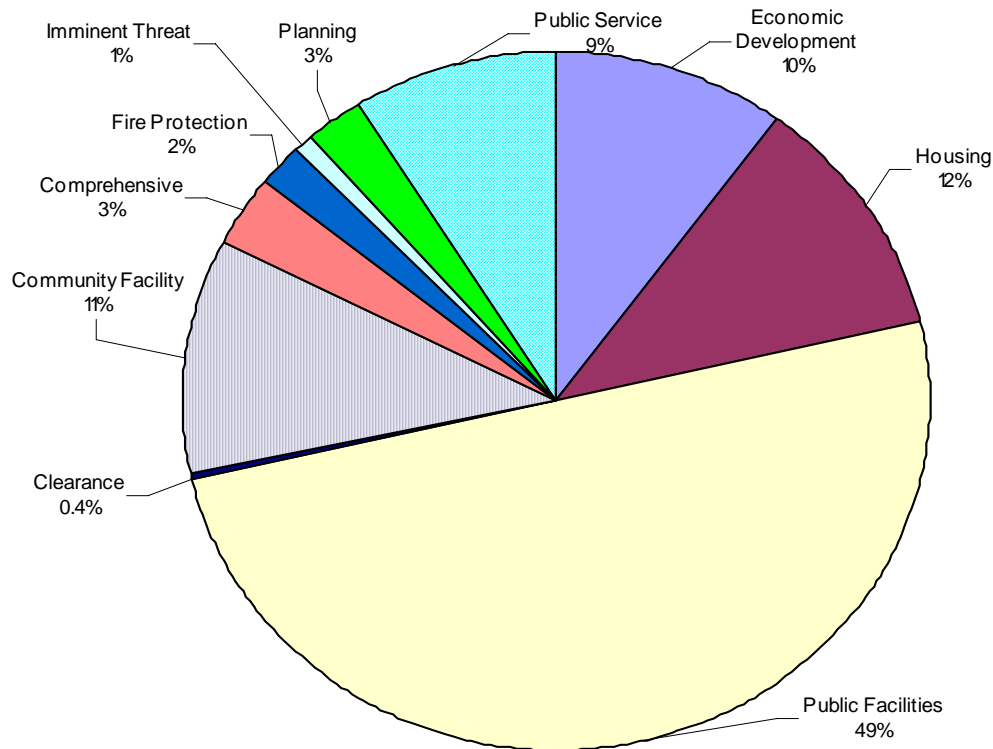
Allocation by Activity

The CDBG Program can fund a wide-range of eligible activities, as listed in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended. The following chart provides an overall view of how CDBG resources have been used by activity, rather than by fund.

**Chart 5K. 2004 CDBG Contracted Dollars by Type of Project Activity/Matrix Code**

When the project types are grouped by major categories, the recent distribution of funds can be viewed proportionately in the following pie chart.

**Chart 5L. 2004 CDBG Funding (2002-2004) by Project Category**



### ***LEVERAGING OF RESOURCES***

Of the \$21,993,360 in grants awarded to jurisdictions in 2004 for CDBG eligible activities, over \$24 million in additional funds were leveraged for directly related project activities. This represents over a 1:1 leveraging ratio. Funds leveraged come from a variety of federal, state, local and private sources, attesting to the ability and flexibility the CDBG program has to build effective partnerships within the state's rural communities.

### ***PERFORMANCE OBJECTIVE PROGRESS***

The CDBG rating and selection process is included as one of the agency's Key Performance Objectives. Through this process, 85 percent of the CDBG funds were obligated in 2004.

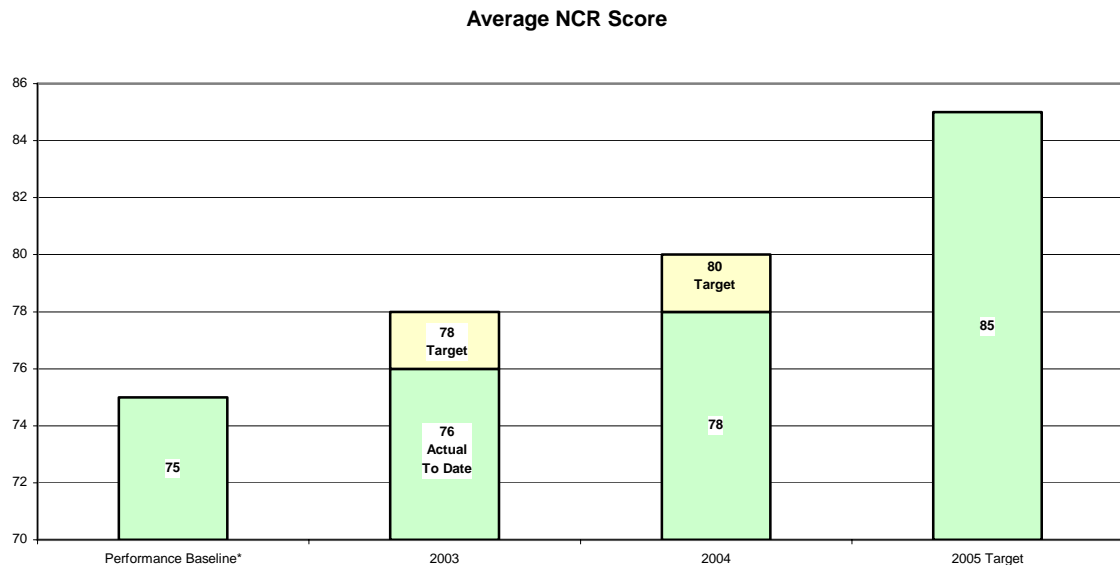
CDBG Community Investment Fund, General Purpose Grant and Housing Rehabilitation Grant applications are reviewed using four key criteria, resulting in a composite score for each proposed community development project:

- Need
- Capacity
- Readiness
- Results

An increase in the average need-capacity-readiness-results (NCRR) score indicates that funding is being targeted to community projects where the funding is needed the most, where the capacity exists to support successful implementation and where the community is ready to utilize the funding for maximum impact. A higher average score is a proxy measure for achieving a higher comparative return on investment of these funds.

CDBG's performance objective for the 2004 rating and selection process is to achieve an average score for funded projects of 80. The average score for funded projects was 78, or two points below our target for the year. However, this represents a two-point improvement from last year's average score.

**Chart 5M. Average Need-Capacity-Readiness Score**



\*Performance Baseline equals an average for previous three years: 75

#### ***TIMELY USE OF FUNDS***

HUD reviews the state CDBG Program for timeliness, in accordance with 24 CFR Part 570.494. The state will be determined as timely if:

- All funds are obligated/announced to eligible local governments within 15 months of the State signing of its grant agreement with HUD; and
- Recaptured funds and program income are expeditiously obligated/announced to eligible local governments.

HUD's guidance on complying with this standards states that 95 percent of funds should be obligated/announced to eligible local governments within 12 months of the State signing its grant agreement with HUD. In 2004, the Washington State CDBG Program obligated 100% of its 2004 funds within 12 months of signing its 2004 grant agreement with HUD.

HUD is also tracking the timely expenditure of funds. In 2004, the Washington State CDBG Program distinguished itself nationally by improving its ratio of unexpended funds by more than any other state. This time last year, Washington ranked number 13 out of the 50 states for timeliness in expenditure of CDBG funds. In February 2005, the state's ranking improved to 5th in the nation. This was accomplished in part by awarding grants only for projects that are ready to proceed and as a result of the large CDBG Float Loan awarded in late 2004.

#### ***TECHNICAL ASSISTANCE ACTIVITIES***

The state CDBG Program recognizes the value of providing technical assistance to the eligible communities and their partners to support their access to the resources that will maximize the

benefit to low- and moderate-income persons. In summary, technical assistance activities in 2004 included:

- Production and distribution of application and pre-application handbooks for all CDBG programs.
- Two application workshops attended by 73 people, as well as direct follow-up application development assistance with workshop attendees.
- The update and distribution of the CDBG Management and the Non-Construction Management Handbooks that cover topics from environmental review to labor standards to audit requirements and assist local governments implement their projects in compliance with federal and state requirements.
- Two grant management workshops attended by 64 people.

*Some quotes from evaluations submitted by CDBG workshop participants:*

- *“This was the most user friendly workshop I have attended!”*
- *“Good job. Articulate, concise and comprehensive. Complex info made clear.”*
- *“Open and helpful”*

- In coordination with the state Office of Archeology and Historic Preservation, CDBG staff provided direct guidance on the Historic and Cultural Resource Review process for each 2004 local government recipient and sub-recipient.
- On-site debriefings for seven jurisdictions that unsuccessfully applied for a CDBG General Purpose Grant.
- Four technical assistance meetings across that state, in which 17-targeted communities received intensive assistance in project development. CDBG coordinated these meetings with funding partners, including USDA/Rural Development, Public Works Trust Fund, WA State Dept. of Ecology, WA State Dept. of Health, and the Rural Communities Assistance Corporation (RCAC).

*Technical assistance activities were designed to target the 20 unfunded General Purpose Grant applications in 2004. Through successful follow-up project development assistance:*

- *Three of those became ready to be funded later in 2004 by the Community Investment Fund.*
- *Five are being funded by a 2005 General Purpose or Community Investment Fund Grant.*
- *Seven will receive additional technical assistance in 2005.*
- *The remaining five have either received funding from other sources or are no longer interested in CDBG funding for the specific project.*

- Extensive individual on-site technical assistance provided to the twelve jurisdictions participating in the Community Investment Fund Program.
- Staff participation in the CTED’s Resource Team and support of the Washington Community Economic Revitalization Team (WACERT) project prioritization process.
- To specifically assist local housing rehabilitation staff access resources and implement successful programs: CDBG staff updated program materials and provided technical assistance workshops for four local CDBG housing rehabilitation programs; CDBG staff coordinated with CTED’s Housing Division and the Rural Rehabilitation Collaborative Workgroup to provide a workshop; and CDBG staff collaborated with CTED’s Housing Improvement Program to provide a workshop at the Weatherization Coordinator’s Conference.
- Sponsorship of the Small Communities Initiative (SCI) in partnerships with the Washington State Departments of Health and Ecology. SCI staff provided intensive and ongoing

technical assistance to small communities across the state that have been experiencing long term challenges of meeting basic community infrastructure needs (Eatonville, Ione, Ilwaco, Klickitat, South Bend and Vader).

*“It is most useful to have a person that we can depend on to help guide us through the necessary procedures to accomplish our goal.” - Mayor Steve Davis, Town of Ione in Pend Orielle County*

- Staff support and CDBG presentations at the state’s annual Infrastructure Assistance Coordinating Council conference, including a participation in “tech teams” with local community representatives, professional services consultants and funding partners.

In addition to these activities, CDBG project staff work closely to assure that local jurisdictions are fully supported in the execution of subrecipient agreements, civil rights requirements and federal labor standards. All contracts are monitored once prior to closeout, with an emphasis placed on building the organizational capacity of jurisdictions to apply for, implement and manage CDBG projects.



Participants at a 2004 CDBG Regional Meeting

## **B. CDBG 2004 CIVIL RIGHTS COMPLIANCE**

### ***SUMMARY OF CIVIL RIGHTS PERFORMANCE REVIEWS***

CDBG staff review the grant recipients' civil rights performance against the procedures and standards described in our Community Development Block Grant Management Handbook for grant recipients. This handbook is distributed to and reviewed with the grant recipients during our CDBG Grant Management workshops. The Civil Rights Requirements are detailed in Section 10 of the CDBG Grant Management Handbook. In summary, these requirements are as follows:

#### ***Non-discrimination, Equal Opportunity, Affirmative Action, and record keeping requirements for direct benefit projects***

For the purpose of the state CDBG Program, direct benefit activities are those activities that are provided to specific persons or households within a project area through an application process that assesses the applicant's eligibility on the basis of income. CDBG grantees whose projects will result in the provision of direct benefits to persons or households must take steps to ensure that benefits are provided in a manner that will not cause discrimination on the basis of race, color, national origin, religion, sex, handicap, or age. We also require grantees providing direct benefits to take affirmative actions to include members of protected groups among those who will benefit.

CDBG staff reviewed recipient case files during on-site visits to determine whether local eligibility requirements were met and were consistent with state income guidelines. Case files were also reviewed in relation to basic community or target area data to determine whether recipients of direct benefits compare favorably to the proportionate racial and ethnic composition of the community or target area. Outreach efforts to involve protected groups were reviewed based on actions documented in grantee records. Staff also verified the presence of posters and local program guidelines during field visits to the project sites.

#### ***Non-discrimination, Equal Opportunity, Affirmative Action, and record keeping requirements for area benefit projects***

Area benefit activities are those activities which are provided to residents who are not individually identified or individually qualified on the basis of income, but who reside within a geographic area where at least 51 percent of the households are low- to moderate-income. Beneficiary data is collected from existing data such as the U.S. Census or by conducting a survey especially for the grant application. To measure the recipients' civil rights performance with area benefit projects, CDBG staff reviewed the survey documents, household size, income, race, and ethnicity data on file to determine its adequacy. They also reviewed records of the grantees' process to identify and incorporate the needs of protected groups to determine that reasonable opportunity and consideration was offered.

#### ***Non-discrimination, Equal Opportunity, Affirmative Action, record keeping, and procedural requirements for procuring architects, consultants, engineers, and construction contracts***

Compliance monitoring on the procedural requirements for procuring architects, consultants, engineers, and construction contracts included interviewing appropriate officials and inspecting procurement files and records. A determination of compliance was made if the review verified that the grantee substantially fulfilled, or made a good faith effort to fulfill, the required actions.

#### ***Non-discrimination, Equal Opportunity, Affirmative Action, record keeping requirements for local employment***

To examine the recipients' performance on meeting civil rights requirements for local employment, CDBG staff reviewed local personnel policies, workforce characteristics, and local assessments of new hires, training, or promotional opportunities to help determine their adequacy. During the project, staff reviewed all plans for project-related hiring, training, and promotion submitted by grantees to determine the adequacy of the steps outlined in the Management Handbook. On-site visits provided an opportunity for CDBG staff to determine whether EEO posters were prominently displayed and whether planned actions had been undertaken and documented as detailed in approved hiring, training, and promotional plans. Collection and review of an EEO-4 form from each recipient verifies the presence or absence of employment actions undertaken by the grantee.

### ***Section 504 and the Americans with Disabilities Act (ADA) requirements***

CDBG staff initially educated recipients about accessibility requirements, then provided technical assistance to grantees making recommendations on how to demonstrate progress towards compliance with the requirements. To comply with Section 504 of the Rehabilitation Act of 1973, and Public Law 101-336, Title II of the Americans with Disabilities Act of 1990, all local grantees are required to, as a minimum:

- a) Conduct a self-evaluation to study the accessibility of the recipient's programs and activities. This consultation should attempt to include citizens who have handicaps or advocacy groups representing the handicapped to ensure the self-evaluation reflects accurate handicapped needs.
- b) Modify policies and practices that negatively impact the handicapped. The grantee must modify the policy or practice so that the problem is eliminated; this includes guaranteeing oral and written communication accessibility.
- c) Develop a transition plan for eliminating obstacles. In the event that administrative changes cannot make the grantee's programs and activities accessible, structural changes will be required. The plan identifies the steps required to complete structural modifications.
- d) Assure remedial and affirmative action practices. If HUD's civil rights official determines that handicapped individuals have been discriminated against by the grantee, appropriate remedial and affirmative action is required to the extent the official deems necessary.

In addition to steps a) – d) listed above, grantees that employ 15 employees must also do the following:

- e) Identify a compliance officer to oversee the grantee's compliance efforts.
- f) Adopt and implement a grievance procedure to provide for timely resolution of discrimination complaints pertaining to accessibility of the grantees' policies and procedures.
- g) Provide initial and ongoing efforts to notify citizens that the grantee does not discriminate based on handicap in its federally funded programs.

Compliance monitoring on Section 504 and the Americans with Disabilities Act consists of reviewing grantee's files, self-evaluation plans and transition plans (if applicable), communication procedures, employment procedures of the grantee and subrecipients and interviewing



appropriate officials. A determination of compliance is made if the review indicated the grantee had fulfilled the requirements or was making a good faith effort to comply with the requirements.

During monitoring visits with a grantee, the CDBG staff reviews the recipient's civil rights performance, provides technical assistance and guidance to improve any shortcomings and commends effective civil rights practices.

### ***Fair Housing Efforts***

At a minimum, local grantees were required to promote fair housing in the administration and implementation of their programs and activities by:

- a) Displaying the "Fair Housing" poster at the city hall or county courthouse, whichever is applicable.
- b) Identifying a staff person to serve as the contact point for disseminating information and brochures on fair housing, and answering any questions local residents may have about the law and its coverage.
- c) Providing information about fair housing to realtors and lenders within the jurisdiction and keeping records of these educational outreach efforts.
- d) Incorporating fair housing considerations into local housing rehabilitation program policies.
- e) Including the HUD fair housing logo in all CDBG housing rehabilitation project materials and advertisements, as well as in all program plans and policies.
- f) Developing, adopting and publishing a fair housing resolution, if no such resolution exists.
- g) Reviewing local zoning laws and procedures to determine if they contribute, to or detract from, fair housing objectives or intent.

In addition, grantees are encouraged to take a number of other affirmative fair housing actions on a voluntary basis.

CDBG staff inspected the local city halls or courthouses to determine whether the fair housing poster is displayed and to determine, through inquiry, who has been designated as the fair housing resource person. They also inquired about what information is available through the local resource person for those with fair housing issues, questions, or concerns. Records were also reviewed for documentation of fair housing educational outreach efforts made to inform and involve local lenders and realtors. Local policies for operation of CDBG-funded housing rehabilitation programs were reviewed to determine if they reflect fair housing intent. Similarly, program marketing and advertising materials, and program plans and documents were reviewed to determine if the fair housing logo has been included for housing rehabilitation projects.

### **C. INTEGRATED DISBURSEMENT INFORMATION SYSTEM PROJECT DETAIL**

The Integrated Disbursement Information System (IDIS) is an automated information system that was created for tracking expenditures by CDBG entitlement areas in the late 1980's. The implementation of IDIS was delayed by states in the hope that new technology would be deployed prior to HUD's mandating its use. HUD required all states to use the IDIS to track and request reimbursements for CDBG grant activity beginning in 2000. The state of Washington's CDBG program began using IDIS on May 15, 2000. At the time of deployment, HUD guaranteed states that IDIS would replace the annual Performance Evaluation Reporting process. To date, IDIS has not provided an adequate means of reporting performance information and states are consequently required to both maintain the IDIS reporting system and provide detailed Performance Evaluation Reports.

The attached tables provide IDIS program detail for all years that the state of Washington has grants that are considered to be open as of December 31, 2004. Information for program years 1994 through 1999 are in partial reports and only reference projects that were open at the point of conversion to the IDIS system (May 15, 2000). All other data for these program years has been previously reported as closed in past Performance Evaluation Reports, and remains unchanged.

Following the Financial Data report for each year is the Beneficiary Data report for the projects funded in that specific year. Beneficiary data are collected, at a minimum, when a CDBG project is administratively closed. Numbers on racial/ethnic and protected group breakdowns for direct benefit activities are from direct counts, if available. For direct activities without the breakdown and for area activities, the racial/ethnic composition is extrapolated from 2000 Census percentages; the handicapped and female-headed household figures are not available from Census data. The beneficiary data is measured by person and not by household.

These tables demonstrate the state's effective system for accounting for the use of CDBG funds across the years and by local government recipient, type of project and activity line item. As the steward of public funds, the state CDBG program strives to maintain a system that provides an accurate accounting.

While the accounting of the funds is essential, ultimately the CDBG Program seeks to support projects that result in a measurable benefit to low- and moderate-income persons in the state's rural communities. These tables report both the proposed and actual number of persons and low- and moderate-income persons to benefit from each CDBG-funded project. Useful totals are calculated at the end of each yearly detail report.